OPERATING AGREEMENT

Agreement dated as of June 28, 1982, by and between COMMODORE ELECTRONICS LIMITED, a Bahamian corporation, with offices at Sassoon House, Shirley & Victoria Sts., P.O. Box N-10256, Nassau, Bahamas ("CEL") and COMMODORE CREDIT, INC., a Delaware corporation with offices at 950 Rittenhouse Road, Norristown, PA 19403 ("Credit").

1. Definitions. As used herein

(a) "Capital Debt" means all indebtedness of Credit to Seller for money borrowed now or hereafter outstanding.

(b) "Fixed Charges" includes interest on long and short term indebtedness for money borrowed (other than on Capital Debt), amortization of debt discount and rentals for leased properties.

(c) "Investment" means Seller's aggregate investment in Credit including capital stock, capital surplus, retained earnings and Capital Debt to Seller.

(d) "Leases" means all leases entered into by Credit in connection with lease opportunities referred to it by Seller.

(e) "Net Earnings Available for Fixed Charges" means net income plus (i) federal and state taxes on income and (ii) Fixed Charges.

(f) "Receivables" means accounts receivable due Seller for goods sold.

(g) "Seller" means CEL and its subsidiaries and affiliates except Credit.

(h) "Third Party Debt" means indebtedness of Credit, other than Capital Debt, evidenced by instruments of indebtedness issued by Credit.

2. Receivables and Leasing Opportunities.

(a) Offer by Seller. Seller may, from time to time, in its sole discretion, (i) offer to sell, assign and transfer, on a nonrecourse basis, to Credit all of its right, title and interest in and to all or any part of the Receivables, together with any security agreements, conditional sales contracts, promissory notes, chattel mortgages, chattel paper, leases and other agreements applicable to such Receivables, now or hereafter outstanding, made and executed by customers of Seller, and (ii) refer to Credit any opportunities for leasing product sold by Seller to third parties. Seller will from time to time (i) do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all and every such further acts, bills of sale, assignments, covenants, transfers, powers of attorney and assurances as reasonably may be required by Credit for the better assuring, conveying, transferring and confirming unto Credit, its successors and assigns, all and singular, the properties and rights in Receivables purchased by Credit and for aiding and assisting in collecting such Receivables or reducing to to possession all properties securing the same and rights in such instruments applicable thereto, and (ii) sell to Credit product required for Leases entered into by Credit in connection with leasing opportunities referred to Credit by Seller and accepted by Credit.

(b) Acceptance by Credit. Credit agrees to give full, careful and prompt consideration to all Receivables and leasing opportunities offered or referred to Credit by Seller. However, the purchase of such Receivables and the acceptance of such leasing opportunities are matters within the sole discretion of Credit, and Credit shall be under no obligation to purchase any such Receivables or accept any such leasing opportunities.

(c) Purchase Price. The prices to be paid by Credit to Seller for Receivables, and the terms and conditions of sale, shall be as mutually agreed upon by Seller and Credit from time to time. Except to the extent otherwise specifically agreed in writing all such purchases by Credit shall be without guarantee by, or recourse to, Seller. The establishment of reasonable reserves on the books of Seller and the performance by Seller of any of the services provided for in this Agreement shall not be deemed to constitute guarantee by, or recourse to, Seller. The terms and conditions of the Leases to be entered into by Credit in connection with leasing opportunities referred by Seller to Credit and accepted by Credit, and the prices to be paid by Credit to Seller for the product required for such Leases, and the terms and conditions of sale, shall be as mutually agreed upon by Seller and Credit from time to time.

3. Representations and Warranties. Seller represents and warrants to Credit that:

(a) At the time of the sale thereof to Credit, all Receivables, together with any security agreements, conditional sales contracts, promissory notes, chattel mortgages, chattel paper, leases and other agreements applicable thereto are or will be valid and enforceable and that the property covered thereby, or by Leases, has or will have been delivered and is or will be sufficient to properly perform the respective functions for which such property is sold or leased.

(b) At the time of the sale thereof to Credit, all Receivables and all appropriate instruments relating thereto have been, where required for the protection of the seller or lessor, filed, recorded or registered in the appropriate statutory governmental office.

4. Indemnification. Seller agrees promptly to indemnify and hold Credit harmless from and against any and all losses, liabilities, claims, demands, costs and expenses as a result of (a) any breach by Seller of any representations, warranties or covenants contained in this Agreement, (b) claims asserted against Credit by any third parties in connection with any wrongful or allegedly wrongful or negligent or allegedly negligent acts or omissions by Seller in performing any of its obligations pursuant to this Agreement, and (c) the ownership, control, use, performance, condition, operation, delivery, transportation or storage of any property manufactured or sold by Seller.

5. Services. Seller agrees that to the extent reasonably requested in writing by Credit, Seller will, for fees to be mutually agreed upon by Seller and Credit from time to time, take or cause to be taken all necessary steps to perform the following services for Credit in the name of Seller or Credit, as Seller and Credit shall determine:

(a) To collect, when due, sums owing and payable to Credit in connection with any Receivables sold to Credit hereunder, or other sums owing Credit in connection with any Leases, and promptly report and account to Credit for all such collections, it being understood and agreed that all such payments or collections received by Seller shall be remitted and paid over to or credited to the account of Credit within five (5) days after the end of the calendar month in which the payments or collections were received by Seller.

(b) If it becomes necessary or desirable to repossess any property covered by Receivables, Seller will use its normal efforts to repossess said property, foreclose any lien thereon for and on behalf of Credit and resell said property for the account and benefit of Credit, acting in good faith to obtain the best possible prices therefor. The proceeds of such sales less any repossession, storage, reconditioning and resale expenses, including reasonable attorneys' fees, shall promptly be remitted to Credit.

(c) Such other services as Seller and Credit may mutually agree to from time to time.

6. Support Arrangement. The prices for the Receivables, as fixed from time to time by mutual agreement of Seller and Credit, shall be designed to produce (with other revenues) for Credit Net Earnings Available for Fixed Charges in each year equivalent to at least one and one-half (1 1/2) times Credit's Fixed Charges for such year. During the term of this Agreement, CEL agrees that so long as it owns, directly or indirectly, one hundred percent (100%) of the outstanding voting stock of Credit, it will make or cause to be made a payment to, an equity investment in or

an extension of Capital Debt to Credit quarterly, no later than ten (10) days after the determination of Credit's quarterly financial results, in an amount by which Credit's Net Earnings Available for Fixed Charges are less than one and one-half (1 1/2) times Credit's Fixed Charges for such quarter. CEL agrees that so long as this Agreement remains in effect and until all Third Party Debt is paid, it will not transfer all or any part of its ownership in Credit without giving prior notice to holders of Third Party Debt.

7. Bad Debts. Credit may elect to withhold, in accordance with current trade practice, from payments to Seller amounts designed to permit Credit to establish adequate reserves for bad debts and other losses on Receivables purchased by Credit and on Leases, and if such reserves are so established, any such loss incurred by Credit will be charged to such reserves.

8. Third Party Debt.

(a) At all times when Third Party Debt shall be outstanding, Credit agrees that it shall not allow Third Party Debt to exceed five (5) times Investment.

(b) CEL Covenants and agrees that all Capital Debt now existing or hereafter incurred and all interest which may be or may become due thereon is and shall at all times be and remain subordinate to all Third Party Debt, whether now outstanding or hereafter incurred, in the manner and to the extent hereinafter provided:

(i) In the event of any distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part

of the assets, or the proceeds thereof, of Credit to creditors of Credit occurring by reason of liquidation, dissolution or other winding up of Credit, or by reason of any execution sale, receivership, insolvency or bankruptcy proceedings or other proceedings for the reorganization or readjustment of Credit or its debts or properties, then in any such event such Third Party Debt shall be preferred in payment over Capital Debt and such Third Party Debt shall be first paid and satisfied in full, in accordance with the order or priority of payment established by any applicable provisions thereof and by any instruments whereunder any Third Party Debt is issued, before any payment or distribution of any kind or character, whether in cash, property or securities, shall be made on, or in respect to principal or interest of, Capital Debt.

(ii) Without limiting the foregoing, during the continuance of any default in payment of principal, sinking fund, or interest, if any, on Third Party Debt, no payment of principal or interest shall be made on or with respect to Capital Debt, or any renewals or extensions thereof, and Seller shall not be entitled to receive or retain any such payment made during the continuance of any such default.

(iii) Without limiting the foregoing, Credit shall not make, and Seller shall not be entitled to receive or retain, any payment of principal or interest on Capital Debt

(whether such payment is made directly or indirectly through the redemption, purchase or other acquisition of Capital Debt by or for the benefit of Seller) if and to the extent that such payment would be in contravention of or in excess of the amounts permitted by, or would constitute a default under or an event which with the passing of time or the giving of notice or both would constitute an event of default under the terms of, any Third Party Debt outstanding at the time of such payment or the terms of any indenture or other accompanying agreement under or subject or pursuant to which any of the then outstanding Third Party Debt has been issued.

(c) CEL hereby consents to all of the terms and conditions of Third Party Debt and consents to any extension or extensions of time of any payment or payments or to any extension or extensions of time of any other such act or thing which any holder or holders of Third Party Debt may agree or consent to, either expressly, by acquiescence, or otherwise.

(d) Seller will not assign or transfer to others any Capital Debt while any Third Party Debt remains unpaid unless such assignment or transfer is made expressly subject to this Agreement.

9. Termination. This Agreement may be terminated by either CEL or Credit upon ten (10) days' prior written notice to the other party; provided, however, that this Agreement shall not terminate until such time as all Third Party Debt shall have been paid in full.

10. No Guarantee. This Agreement is not intended to be, and is not, and nothing herein contained, and nothing done by Seller pursuant hereto, shall be construed or deemed to constitute a direct or indirect guarantee by Seller of the payment of Receivables sold to Credit or of any rent or other indebtedness owing to Credit, under Leases or otherwise, or of the payment of the interest or principal of any indebtedness, liability or obligation of any kind or character of Credit to any person or persons whomsoever.

11. Miscellaneous.

(a) ENTIRE AGREEMENT; MODIFICATIONS; WAIVERS. This Agreement sets forth the entire understanding between the parties hereto and supersedes all prior understandings in connection therewith. No modification or alteration shall be binding unless executed in writing by the parties. No waiver of any provision of this Agreement shall be deemed or construed a waiver of any other provision hereof (whether or not similar) nor shall a waiver be construed a continuing waiver unless expressly so stated.

(b) CORPORATE AUTHORITY. The persons executing this Agreement covenant and warrant that they have the right, power, legal capacity and appropriate authority, corporate or otherwise, to enter into this Agreement on behalf of the entity for which they sign below.

(c) GOVERNING LAW AND JURISDICTION. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

(d) NOTICE. Any notice required or permitted to be given under this Agreement shall be in writing and either delivered personally

or deposited in the mail, postage prepaid, registered or certified, return receipt requested, addressed to the parties at the address appearing on the first page of this Agreement, and shall be deemed given three (3) days after the date of mailing or on the date of personal delivery.

(e) REMEDIES NOT EXCLUSIVE. No remedy conferred by any of the specific provisions of this Agreement is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies by either party shall not constitute a waiver of the right to pursue other available remedies.

(f) COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(g) CAPTIONS AND PARAGRAPH HEADINGS. Captions and paragraph headings used herein are for convenience only and are not a part of this Agreement and shall not be used in construing it.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

COMMODORE CREDIT, INC.

BY: _____

TITLE: VP Finance

COMMODORE ELECTRONICS LIMITED

BY: _____

TITLE: Vice President

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